

VZCZCXR07135

PP RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHPG #0663/01 2901413

ZNY CCCCC ZZH

P 161413Z OCT 08

FM AMEMBASSY PRAGUE

TO RUEKJCS/SECDEF WASHDC PRIORITY

RUEHC/SECSTATE WASHDC PRIORITY 0755

INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 05 PRAGUE 000663

SIPDIS

STATE FOR EUR/CE
DOD FOR OSD/SADOWSKA

E.O. 12958: DECL: 10/15/2018

TAGS: PREL PGOV EZ

SUBJECT: SCENESETTER FOR USDP EDELMAN'S VISIT TO CZECH REPUBLIC

Classified By: DCM MARY THOMPSON-JONES FOR REASONS 1.4 (B) AND (D).

¶1. (C) Under Secretary Edelman, Embassy Prague looks forward to welcoming you again to the Czech Republic. Your visit will underscore the importance of our strong transatlantic partnership. The year since your last visit has seen tremendous progress on Missile Defense, with the Ballistic Missile Defense Agreement and the Status of Forces Agreement both having been completed. The two agreements now face a tough ratification fight in the parliament in the coming months, and your discussions with Czech officials can be helpful here. The Czechs' increasing engagement internationally - from Kosovo to Afghanistan - also demonstrates their commitment to our two countries' shared security priorities. Again, the Czech government is facing strong opposition to its 2009 foreign deployment plans, and your visit can help buttress the government's case, especially with regard to Afghanistan. Your visit will also help set the stage for an even closer U.S.-Czech collaboration during the upcoming Czech EU Presidency on our shared priorities: strengthening security and advancing freedom and democracy around the world.

Domestic context

¶2. (C) Nineteen years after the 1989 Velvet Revolution, the Czech Republic today is a prosperous market economy, a stable democracy, and a committed American ally. Accession to the European Union in 2004, like accession to NATO in 1999, has solidified and accelerated the transition away from the country's communist past. The economy today remains relatively strong, with significant investment flows, modern manufacturing base, healthy banks, low unemployment and moderate but declining inflation. The country has so far escaped the worst of the global financial crisis, although the crisis has contributed to a slow down of Czech economic growth, largely by depressing demand within Western Europe for Czech exports. Analysts are now forecasting that Czech real GDP will increase about four percent in 2008 and three percent in 2009, after three years of over 6 percent growth.

¶3. (C) Elections in June 2006 produced a deadlock, with the 200-seat Chamber of Deputies split evenly between left and right. The country was without a confirmed government for seven months while the politicians sorted out a compromise. In January 2007, PM Topolanek won a vote of confidence with the help of two defectors from the opposition. Topolanek heads the center-right Civic Democrats (ODS) and governs together with the smaller Christian Democrats and the Czech Greens. Both because it lacks a reliable majority in Parliament and because of internal conflicts among and within each of the three coalition parties, the Topolanek government has had to scale back its ambitions, especially with regard to health care and social system reforms.

¶4. (C) The defections from the opposition's ranks have created an incredibly charged political atmosphere, where the coalition and opposition rarely cooperate in the parliament. This political tension has been exacerbated by the approaching regional and senate elections, in which the opposition is expected to make significant gains. You will arrive just after the results of the regional elections and of the first round of the senate election will have been announced. Consequently, the Czech political establishment will be preoccupied with sorting out the election outcome and impact on the ruling coalition. Depending on the results, the opposition Social Democrats (CSSD) may call for a vote of no confidence during the week of your visit.

¶5. (C) If called, the vote of no confidence will most likely fail, as have three previous attempts by the opposition to unseat PM Topolanek. A greater problem for PM Topolanek would be poor results by ODS in the regional and senate elections. If ODS losses were serious enough, PM Topolanek could be challenged as chairman of the party at the next ODS party congress in December.

U.S.-Czech Relations

¶6. (C) Our two countries enjoy excellent relations. We have worked well with both of the main parties to pursue common goals. The country is active within NATO and the EU, and generally supportive of U.S. policies. This is particularly the case regarding democracy promotion. While much of the

PRAGUE 00000663 002 OF 005

Czech support for democracy and freedom is rightfully associated with former President Vaclav Havel, the Czech commitment to this agenda remains strong. The Czech MFA, for example, has a special unit designed to promote transformational diplomacy in countries that are not yet fully free. The Czechs have been our strongest partners in Europe on Cuba, and active supporters of the democratic opposition in Cuba. Likewise in Belarus, Burma, Iraq and other countries in transition, the Czech government and NGOs work to support peaceful transformation and pass along the lessons learned from their own history. Since 1995, Prague has been home to the U.S.-funded Radio Free Europe/Radio Liberty.

Czech Foreign Deployments

¶7. (SBU) The Czechs remain actively engaged supporting U.S. and NATO-led coalitions. Czech soldiers are currently deployed in Iraq (approximately 20 trainers in Baghdad and at the Iraqi Armor Training Center in Taji) and Afghanistan, where the number of troops is currently just under 500. In March 2008, the Czechs established the first provincial reconstruction team (PRT) in Logar province (SE of Kabul), significantly expanding their military and civilian presence in the country. The Czechs recently deployed a 100-man Special Forces detachment under Operation Enduring Freedom to Kandahar Air Field (KAF) and FB Anaconda. Along with the Czechs' sizable commitment to Afghanistan, they have an infantry battalion of around 450 troops deployed on a permanently rotating basis to KFOR's Multi-National Taskforce Center.

¶8. (C) The Czech government approved the Ministry of Defense's (MOD) 2009 Foreign Deployment Plan at its October 1 cabinet session. Under the draft plan, the total number of Czech troops deployed abroad in 2009 would increase from approximately 900 to just over 1380, not including commitments to the EU Battle Group (EUBG) or the NATO Rapid Reaction Force (NRF). In 2009, the Czechs propose having approximately 745 troops in Afghanistan, up from this year's

¶495. Due to a deteriorating security situation, the Czechs intend to increase the number of infantry soldiers assigned to the Czech PRT in Logar, bringing the total size of the Czech PRT from about 200 to 330. In Kosovo, the Czechs propose a deployment of 550 troops. The Czech Air Force will accept the mission of guarding the airspace of the Baltic states from May to August 2009. In Iraq, the Czechs will keep five instructors under the NATO training mission, withdrawing their recently deployed training team assigned under Multi-National Forces Iraq (MNF-I). The total cost of these deployments is expected to be 2.5 billion crowns, (USD 145.8 million).

¶9. (C) The deployments legislation must now be approved by the Czech parliament. The proposed increase of Czech troops in Afghanistan, coupled with the MOD's failure to reach out to the opposition, has already generated questions from across the political spectrum, raising doubts about the deployment bill's prospects in the parliament. A recent public opinion showed that a majority of the public is opposed to sending additional troops to Afghanistan. In the end, we expect the vote to be extremely close, but believe that the MOD's plan with some possible adjustments in troop levels will be approved. To help the Czech government gain the necessary parliamentary support, we have requested meetings for you with several key members of the parliament, including the opposition leader, Jiri Paroubek.

Missile Defense

¶9. (C) Topolanek and his government have taken a great political risk in pursuing MD in the face of strong public and political opposition to the project. The government will introduce in parliament the two MD agreements in the coming weeks. It is still possible - but may be difficult, given Czech parliamentary rules - that the agreements could come up for the ratification vote by the end of the year. The parliament must also pass a constitutionally-required resolution permitting the stationing of U.S. troops on Czech soil. The resolution has been drafted and will likely proceed through parliament in parallel with the BMDA and SOFA. The government is expecting a tough fight in the narrowly divided parliament. We encourage you to urge the Czech government at every opportunity to complete the ratification process this year.

PRAGUE 00000663 003 OF 005

¶10. (C) The politics of MD in the Czech Republic are complicated: Topolanek's ODS strongly supports; the small Christian Democrats are less solid, but most are behind the proposal; the Green party is utterly divided. On the other side of the political spectrum, the Communists are naturally ardently against. The leadership of the largest opposition party, the Social Democrats (CSSD), has used its anti-MD stance to boost its popularity in advance of the regional and senate elections. We do have indications that some CSSD members would support MD if they were allowed to vote their conscience.

¶11. (C) Given the lack of a stable parliamentary majority for the coalition, we have been particularly focused on outreach with the parliament. The strong MD language in the Bucharest NATO Summit communique helped some Christian Democrats and Greens overcome their doubts, but a few individuals remain convinced that this is a purely bilateral project that will somehow hurt NATO. In a situation where every vote will count during the ratification in the parliament, ongoing outreach to the Czech parliamentarians remains a priority. We are planning an opportunity for you to meet with key parliamentarians during your visit. The meeting will be a chance for you to present an overview of how MD fits into the broader U.S. view of transatlantic security arrangements, affirm U.S. commitment to a European MD site, discuss relations with Russia, and answer questions. Among the points

to stress with the parliamentarians:

-- the urgency of the threat to the U.S. and Europe;
-- commitment to linking the U.S. MD system with NATO;
-- commitment to working with Russia to address its concerns, but with three important caveats: 1) Russia will not have a veto; 2) United States will not reach an agreement with Russia on observers and other transparency measures without Czech approval; and 3) Russia will not have a permanent presence at the radar site.

¶12. (C) Russia's position on the MD radar has been a prominent facet of the debate here. Russian opposition to MD and the resulting threats to the Czech Republic and Poland were used by many pro-radar Czechs, including Topolanek and his Civic Democrats, as justifications for their support of the radar and of tying the Czech Republic even more closely to its American ally. Topolanek said in an August 2008 editorial that Russia's invasion of Georgia is proof that hosting the U.S. radar facility with U.S. "boots on the ground" will enhance Czech national security. However, the neuralgic Czech public reaction to the notion of Russian observers being present at the radar site demonstrated last fall that these anti-Russian sentiments could turn against us at any point when the Czechs would believe that the United States is negotiating "o nas bez nas" ("about us, without us"). With the recent 40th anniversary of the Warsaw Pact invasion in August, the Czech anti-Russian sensitivities are even more pronounced.

¶13. (C) Public opposition to MD is frequently cited by opposition politicians as the reason for their negative stance. If you meet with CSSD leader Paroubek, you may hear this line of reasoning. Polls continue to show that 55-70 percent of the public is opposed to MD. These disappointing poll results, however, do not reflect other aspects of the public's views on MD: 1) Czechs want to be protected from the ballistic missile threat; and 2) they rank MD far behind their other concerns, which are predictably dominated by pocketbook issues. Unfortunately, the Czech government's effort to communicate the reasons for the radar is generally considered as a failure. The anti-MD groups - an amalgam of pacifist, humanist, and communist elements - have mounted an active PR campaign which, according to some media reports, may be partially funded by Russia. The embassy's priority has been to provide as much information as possible to the Czech public and especially to the parliament.

¶14. (C) Topolanek's government also continues to face criticism from some MD-opponents, who have argued that the Czechs should have adopted a tougher negotiating position like Poland. Topolanek, who is a confirmed transatlanticist and who sees MD as a natural next step in the partnership between our two countries, has responded by pointing to the Czech Republic's responsibilities as a NATO and U.S. ally. The Czech government plans to highlight the recent U.S. Czech-Strategic Dialogue and our Declaration on Strategic Defense Cooperation as examples of how the Czech Republic gains from our strengthened partnership. Topolanek also sees MD as an opportunity to expand science and technology, as

PRAGUE 00000663 004 OF 005

well as economic, cooperation with the United States. Both the MOD and the MFA will raise with you their frustration that DOD and MDA have not been able to commit even symbolic money for MD-related research and economic cooperation.

¶15. (C) The MOD will also undoubtedly ask about the status of the assistance that we offered the Czechs in September 2008 in conjunction with the Declaration on Strategic Defense Cooperation. First Deputy Minister Bartak will be seeking assurances that the approximately 32 million dollars of deployment support in Afghanistan and the promised assistance in obtaining and fielding EDA C-130 transport aircraft will indeed continue to materialize. The Czech MOD is sending a team during the week of October 20 to evaluate the KC-130R

aircraft that we have offered; MOD remains somewhat sensitive to the refueling designation of these aircraft and has made it clear that the Czech Air Force does not want anything to do with the aerial refueling mission. These aircraft would be singularly intended for the transport mission. We further expect the MOD, and especially Bartak, to push for logistics and training assistance for any C-130s that the Czech Air Force obtains, additional (financial) deployment support beyond FY-2009, and additional equipment including MRAPS for their Afghan deployments.

Visa Waiver

¶16. (C) On October 17, President Bush is expected to announce the Czech Republic's entry into the Visa Waiver Program, effective in mid-November. This much-anticipated milestone will eliminate the one major irritant in our otherwise positive bilateral relationship. We have been careful to stress that visa waiver and missile defense are separate issues and that the success of one initiative is unrelated to the success of the other. The Czech public, however, has always connected the two given that these initiatives have advanced roughly in the same time frame. We expect the visa waiver story to inject some positive energy into the bilateral atmosphere for the next month; the story will get an additional boost when DHS Secretary Chertoff visits on October 27, and when the first visa waiver travelers actually fly, expected to be on November 17.

Czech EU Presidency and Energy Issues

¶17. (C) The Czechs are increasingly focused on their very first EU Presidency during the first half of 2009. Under the leadership of Deputy Prime Minister Alexandr (Sasha) Vondra, the Czechs have been preparing their agenda, under the overarching theme "Europe Without Borders." Following extensive consultations with their EU partners, the Czechs have outlined their top three priorities for the EU Presidency: EU Competitiveness, Energy Security and Sustainability, and External Relations. Within External Relations the Czechs plan to focus on the Western Balkans, transatlantic relations, and the EU's Eastern Neighborhood Policy. We share the same broad goals with the Czechs; the challenge will be finding a way to help the Czechs forge an EU consensus close to our shared goals.

¶18. (C) Energy security is a key focus for PM Topolanek. The Czechs are especially concerned about the reliability of Russian supplies and Russian efforts to buy up Central European energy infrastructure and assets. The Czech Republic is dependent on Russia for 70 percent of its gas, 65 percent of its oil, and 100 percent of its nuclear fuel. The level of Russian crude oil deliveries to the Czech Republic has declined - ostensibly for technical reasons - since the U.S. and Czech Republic signed the Ballistic Missile Defense Agreement in early July. Russian oil deliveries were completely cut off for one week this month. While the Czechs continue to publicly downplay the significance of the ongoing supply disruptions, they are becoming increasingly concerned. Czech goals in this area include progress on a more united and coherent EU energy strategy and greater outreach to Caspian energy producers. The Czechs have already indicated that we can play a useful role by timely support of Czech energy security-related initiatives during their presidency. You may wish to reiterate our willingness to work closely with them in this area.

PM Topolanek: Shoring Up His Political Future

¶19. (C) Your visit to Prague precedes by a week PM Topolanek's visit to Afghanistan and to Washington. PM Topolanek, who is under great political pressure from the opposition, but also from within his own ODS, needs both visits to shore up his political standing. In Afghanistan, he plans to visit with Czech troops on October 28, the Czech National Day and the 90th anniversary of Czechoslovak Republic's founding. The next day, PM Topolanek will meet with President Bush at the White House. This second White House meeting in 2008 is a key milestone for PM Topolanek, who is a convinced and committed transatlanticist with a firm belief in strong ties with the United States. Nevertheless, his domestic audiences will be foremost on PM Topolanek's mind when he meets with President Bush. He will seek to demonstrate that under his leadership the Czech Republic is a respected and valued partner of the United States on a whole range of issues, including global security, economic and technological cooperation, and democracy promotion. Your visit to Prague will help the government and the Prime Minister preview and underscore that message. It will be especially important, if in your public remarks you put MD in the broader context of the overall trans-Atlantic cooperative security relationship, and at the same time stress the clarity of the international community's goals in Afghanistan and the importance of the mission's success to all members of NATO and the international community.

Graber